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9 July 1958

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CENTRAL**INTELLIGENCE****BULLETIN**

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DAILY BRIEF

HEADLINE ITEM

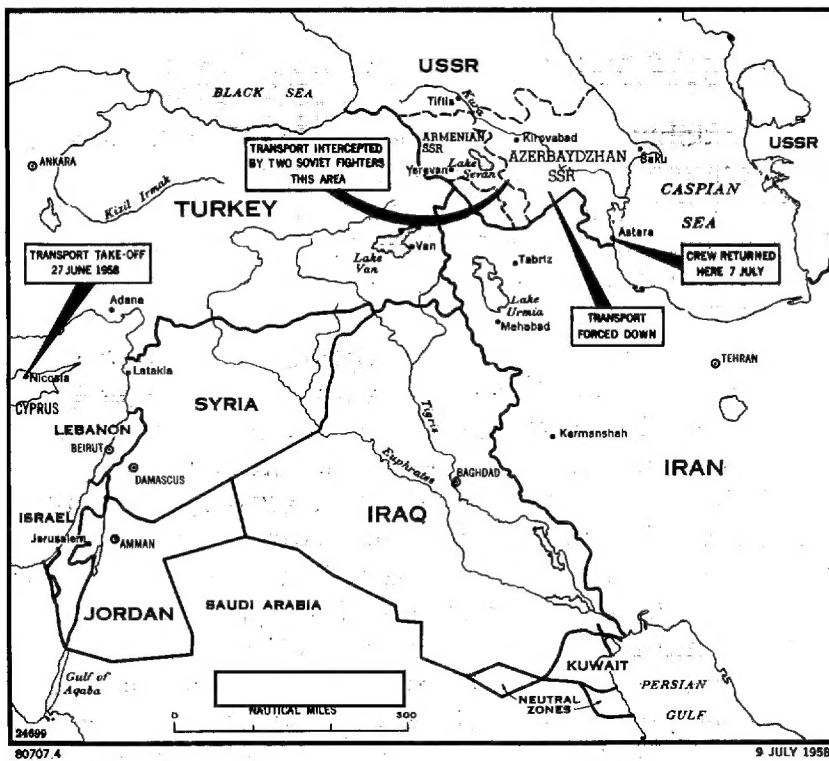
*Details on recent US aircraft force-down in USSR:

No Preliminary debriefing of the recently returned crew of the USAF four-engine transport plane, on a routine cargo flight from Wiesbaden via Tehran to Karachi, which was forced down in the Armenian SSR on 27 June has furnished the following additional details on the incident:

Shortly after entering Turkish air space from Nicosia, Cyprus, the aircraft encountered an extended and severe storm area which made navigation difficult and caused the plane to fly north of its intended route, normally used by commercial flights, to the extent that it crossed into Soviet territory just south of Yerevan. Off the southern shore of Lake Sevan in Soviet Armenia, the aircraft turned southeast toward Tehran, the crew still unaware that it was over Soviet territory. Some time after this change in course, one fighter aircraft intercepted the US aircraft. The pilot then lowered his landing gear preparatory to a landing. A second fighter aircraft then made a firing pass at about 15,000 feet altitude and ignited the gas tank in the left wing. A final firing pass was made as the aircraft was making its final approach run.

Five crew members parachuted and landed safely; four others were unable to jump because of intense flames just outside the escape door. They remained with the aircraft, which made an emergency landing on a partly constructed airfield some 70 miles southeast of Kirovabad and was at least partially destroyed.

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AREA INVOLVED IN US AIR FORCE TRANSPORT INCIDENT 27 JUNE 1958

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The five crew members who parachuted were roughed up and bound by local peasants. Subsequently, all nine crew members were quickly placed under control of local Soviet officials from whom they said they received good treatment. The nine fliers were returned to US control on 7 July at Astara on the Soviet-Iranian frontier. [redacted]
(See map on facing page)

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I. THE COMMUNIST BLOC

OK
East Germany: The East German party's unusual action, just two days prior to the opening of the party congress on 10 July, in holding another central committee plenum--which Khrushchev, now in East Berlin, presumably will attend--suggests that many issues concerning future party policies have not yet been resolved. This situation may be due to continuing internal party difficulties of the Ulbricht leadership. Khrushchev may also desire an opportunity to brief the central committee in advance of the congress on the line he wishes the East German party to take on such major questions as German reunification, nuclear disarmament, revisionism, and the Nagy execution. [redacted]

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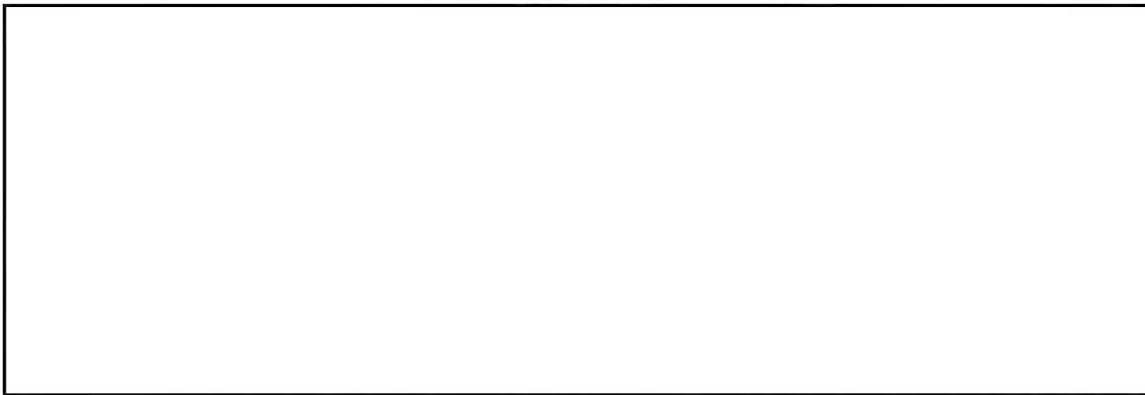
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II. ASIA-AFRICA



OK

Japan - South Korea: Negotiations to resolve long-standing bitterness between Japan and South Korea and establish formal diplomatic relations, resumed last April after frequent interruptions, may again be suspended. Japan, citing "humanitarian reasons," has decided to release in Japan some 100 Koreans, detained for entering Japan illegally, who have expressed a preference to go to North Korea. Tokyo had apparently hoped this solution would antagonize neither Seoul nor Pyongyang, but Seoul has protested strongly, charging that Japan has violated a pledge to return all postwar illegal entrants to South Korea.

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III. THE WEST

OK

Britain-India: Britain is considering proposing that Indian foreign exchange difficulties should be met by formation of a pool with the US, West Germany, and possibly others such as Japan. Earlier this year London prepaid \$44,800,000 of its debts due India over the next four years.

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OK

Finland: The Communist-front SKDL party, benefiting from apparent small-farmer dissatisfaction with Agrarians, a small turnout of voters, and a Social Democratic split,

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captured one fourth of the 200 seats in Parliament. There is, however, little likelihood of Communist participation in the new cabinet.

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I. THE COMMUNIST BLOC

East German Party Central Committee Holds Special Precongress Plenum

In a highly unusual move, the East German party's central committee is holding a second precongress plenum--which Khrushchev presumably will attend--only two days before the opening of the fifth Socialist Unity (Communist) party (SED) congress in East Berlin on 10 July. Since a plenum was held on 10-11 June to complete plans for the congress, the holding of a second meeting suggests that the leadership has not been able to settle satisfactorily some internal party problems which should be dealt with prior to the congress.

Ulbricht is known to have had difficulty in his efforts to pack the local delegations to the congress and has resorted to shake-ups in the party leadership in several districts in an attempt to accomplish his purpose.

Khrushchev's presence at a satellite party plenum would be unusual, but Ulbricht may consider it necessary to prevent any moves against him at the congress. On the other hand, the possibility cannot be excluded that the special central committee meeting was called so that Khrushchev could explain to the East German party the rationale of changes in its leadership, which would, in this event, be announced at the congress. Khrushchev might simply be taking advantage of an opportunity to brief the central committee in advance of the congress on the line he wishes the East German party to take on such major questions as German reunification, nuclear disarmament, revisionism, and the Nagy execution.

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Japanese - South Korean Negotiations Threatened by New Controversy

Formal Japanese - South Korean negotiations for restoration of normal diplomatic relations, which were resumed in April after a lapse of four and a half years, may be disrupted again as a result of Tokyo's decision to release on parole in Japan for "humanitarian" reasons approximately 100 Koreans who entered the country illegally following World War II and who now desire repatriation to North Korea. The repatriation to South Korea of other postwar illegal entrants virtually has been completed as a result of an agreement signed last December.

The South Korean mission in Japan, which has insisted that the disputed group also be sent to South Korea, has protested strongly against the Japanese decision and warned that Tokyo would be held responsible for untoward developments which might occur. Observers in Tokyo have interpreted the Korean warning as a threat to suspend negotiations.

The negotiations have progressed very slowly since their resumption and have yet to reach substantive discussions on major issues such as the Rhee fishing line and property claims.

Tokyo had made several concessions to Korean demands in order to allow the talks to be resumed and to obtain the return of 900 Japanese fishermen from South Korea prior to the Diet elections in Japan in May. The Japanese press and the Socialists have accused the government of being "weak-kneed" in acceding to Korean demands and in allowing the continued seizure of Japanese fishermen in the vicinity of the Rhee line. The Kishi government action, however, carries out a plan that Tokyo has long considered a feasible compromise on the disputed detainees.

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III. THE WEST

Britain May Propose an Aid Pool for India

A British official in New Delhi has confirmed a news report that Prime Minister Macmillan wants to help India meet its critical foreign exchange shortage by forming an aid pool with the US, West Germany, and possibly others. London hopes pool funds will not be tied to purchases from the contributor country.

Britain demonstrated its increasing concern over India's financial needs earlier this year by a lump-sum payment of \$44,800,000 on debts due over the next four years. Limited resources led to British refusal of Nehru's loan request a year ago, but London now is doubtless concerned lest India's exchange shortage prevent payment on pending orders for British goods.

While Bonn officials are reluctant to extend additional credits unilaterally beyond the \$330,000,000 already granted to India, they would be willing to enter into a joint financial program. Finance Minister Erhard may discuss this during his visit to India in late September.

Japan has already extended a \$50,000,000 credit to India, and is also planning with the US a combined assistance program of approximately \$28,000,000 for iron ore development. The British official felt Japan would give India further aid but not through a pool, as it would want its funds used for the purchase of Japanese equipment. It is doubtful that Tokyo would endorse an aid pool for India involving European nations unless failure to do so would eliminate Japanese participation in Indian development.

Finnish Communists Gain in Parliamentary Elections

The Communist-front Finnish People's Democratic League (SKDL) won almost one fourth of the seats in the 200-member Parliament in the Finnish general elections held on 6 and 7 July. The league benefited from the small turnout of voters, the apparent small-farmer dissatisfaction with the Agrarians, and a split within the Social Democratic party. On the basis of nearly complete unofficial returns, the Social Democrats and the Agrarians, the two largest democratic parties, both lost seats, while the conservative National Coalition party made marked gains.

Foreign policy questions apparently had little effect on the election. Economic issues such as prices and wages, farm subsidies, and unemployment were the primary concern. The result may induce the Social Democrats and the Agrarians to compromise their differences over economic policies, and increases the possibility for a renewal of cabinet cooperation among the non-Communist parties.

Negotiations for the formation of a new government are expected to be protracted, and the incumbent caretaker cabinet may remain in office until late summer. The SKDL, which has not been in the government since 1948, will demand participation in the new government on the basis of its increased parliamentary representation, but the non-Communist parties are unlikely to accede. The USSR may use SKDL gains to urge President Kekkonen to press the other parties to accept SKDL cabinet participation.

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